



*Community Development  
Department*

101 CITY HALL PLAZA  
DURHAM, NC 27701  
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# **Southside Update**

## **City Council Work Session**

### **December 4, 2014**

# Southside East (former Rolling Hills) – 20 Acres



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DURHAM



1869  
CITY OF MEDICINE

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# The Lofts at Southside







# The Lofts at Southside Under Construction



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727.520.8181  
[www.aerophoto.com](http://www.aerophoto.com)

Southside East Revitalization Ph 1 LP

Image # 141020 0115  
Date 10.20.14





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# The Lofts at Southside

- Located on the Former Rolling Hills Site
  - Phase 1 consists of 119 rental units and 13 live/work units on approximately seven acres (80 affordable units)
    - 20 units @ 30% 1BR - \$290 - 2BR \$343
    - 13 units @ 50% 1BR - \$537 - 2BR \$638
    - 47 units @ 60% 1BR - \$660 - 2BR \$787  
3BR - \$901
    - Market Rate (Average) 1BR \$800 - 2BR \$1100  
3BR \$1300
    - Market rents based on square footage, view, balconies etc.
- Construction Completion Dates
  - Building 1 – December 9, 2014 (31 units)
  - Building 2 – December 19, 2014 (34 units)





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# The Lofts at Southside Cont'd

- Buildings 3-12 have received Conditional Certificates of Occupancy (67 units)
- Site Work complete by December 31 to include pool, pond and pedestrian mall
- **Section 3 and SDBE Efforts**
  - Russell-Metcon General Contractor
    - 118 New Hires, 26 Section 3 Residents
    - SDBE Participation 37.5% Minority and 8.5% Women
    - Goals 20% Minority and 10% Women
- **Lease Information - McCormack Baron Ragan**
  - [www.loftsatsouthside.com](http://www.loftsatsouthside.com) 919-973-2183
  - Temporary Office - 343 Chestnut Street Apt. 101
  - Permanent Office Location – Building 1
  - Marketing Brochures
  - Units Occupied – 15
  - Approved Applications – 32
  - Applications Pending Approval - 102





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# The Lofts at Southside Cont'd

## Lease Information - McCormack Baron Ragan

- Absorption of units
  - Currently Occupancy 15 units
  - December 2014 – March 2015 60 units
  - April 2015 75 units
  - May 2015 100 units 75% occupancy
  - June 2015 132 units 100% occupancy
- Averaging 40 or more calls per week to include walk-ins, phone calls and emails
- Additional print media to be implemented in the next 45-60 days
  - Durham Magazines
  - The Herald Sun
  - The News and Observer
  - The Chronicle
  - IndyWeek





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# The Lofts at Southside Phase II

- Option Contract Phase II Agenda Item
  - Site consists of approximately 5.25 acres
  - Southside Revitalization Phase II Limited Partnership
  - Master Development Agreement allows for creation of ownership entities
  - Site control required as part of tax credit application
  - Option cannot be exercised until issuance of 2015 tax credits
- NCHFA Qualified Allocation Plan (QAP)
  - Requires that applicant have successfully developed, operated and maintained in compliance one Tax Credit project in NC
  - Will require MBS/Phase II LP to partner with qualified applicant for tax credit submittal
  - Currently interviewing potential CO-General Partners/JV



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# The Lofts at Southside Phase II

- Preliminary Unit Mix
  - 12 buildings totaling 85 units (53 affordable 32 market rate)
  - 10 1BR units @ 60% and 3 1BR units @ 30%
  - 27 2BR units @ 60% and 6 2BR units @ 30%
  - 5 3BR units @ 60% and 2 3BR @ 30%
  - Unit mix based on Phase I interest
- Preliminary Estimated Costs (\$18.5 million)
  - Includes construction costs, architecture, engineering, fees, marketing, contingency and operating reserve
  - Based on Phase I costs plus inflation escalator of 3%

Construction Costs	\$14,000,000	First Mortgage	\$3,200,000
Other Development Costs	\$4,500,000	Tax Equity	\$9,120,000
Total Development Costs	\$18,500,000	City Loan	\$3,800,000
		Total Sources	\$16,120,000

- Projected gap of (cost – sources) = \$2.38m.





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# The Lofts at Southside Phase II

- What's Contributing to the Gap
  - Reduction of 9% tax credit to 7.5% (currently floats) and reduction of maximum tax credit award from \$1.3m to \$1.0m (loss of \$1.8m equity)
  - NC State Tax Credit is no longer available to fill gap (\$1.2m for Phase I)
  - Rental Production Program Loan no longer available to projects with market rate units
  - Estimated construction cost increase (materials and labor)
- Ways to Decrease Gap
  - Advance design with GC as part of development team
  - Project take on additional debt based on market rents
  - Simpler building and site design with comparable quality



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# The Lofts at Southside Phase II

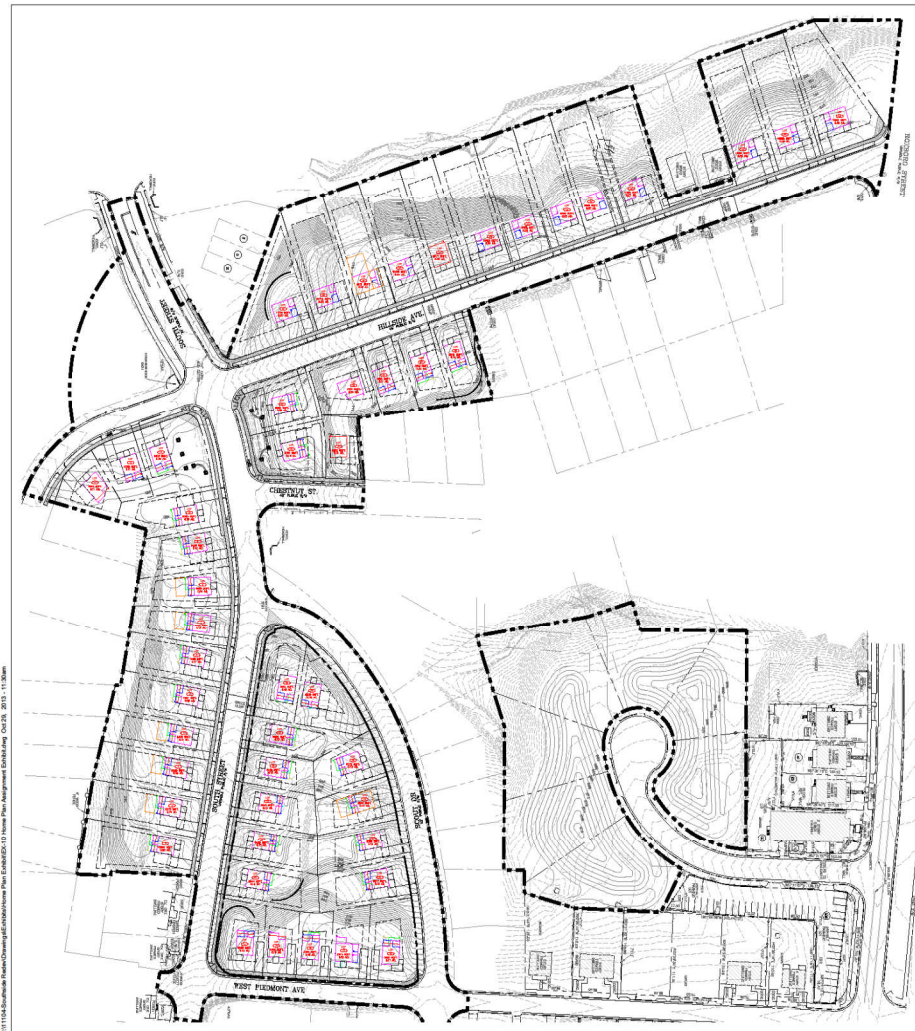
- Phase II Summary and Estimated Timeline
  - December 2014 – Option to Purchase Contract Phase 2 Site\*
  - January 2015 – Expedited Rezoning Process (Planning)
  - January 2015 – Preliminary Tax Credit Application\*
  - January 2015 – Begin Design for Public Site Prep and Infrastructure
  - January 2015 – Begin Design for Private Housing and Civil
  - February 2015 - Selection of General Contractor by MBS to Work with Development Team (RFQ)
  - April 2015 – Conditional Commitment of City of Durham Financing for Vertical Construction for Final Tax Credit Application\*
  - May 2015 – Full Tax Credit Application Due\*
  - May 2015 – Bid Site Prep and Infrastructure
  - August 2015 – Tax Credit Award\*
  - August 2015 - Site Plan Approval
  - August 2015 - Award Site Prep and Infrastructure Contract\*
  - January 2016 – City Approval of Construction Documents
  - March 2016 – Approval of Loan Docs for Vertical Construction\*
  - April 2016 – Tax Credit/Loan Closing \*
  - May 2016 - Complete Infrastructure - Begin Vertical Construction\*
  - December 2017 – Placed in Service Date



# Southside West Homeownership

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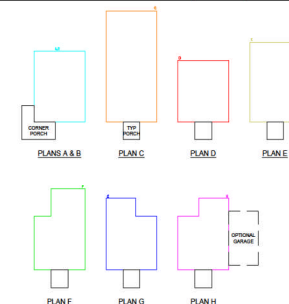
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### GENERAL NOTES

[illegible]

HOUSE PLAN FOOTPRINTS (1" = 20')



**DURHAM**  
CITY OF DURHAM  
DEPARTMENT OF  
COMMUNITY DEVELOPMENT  
807 E. MAIN STREET  
SUITE 2-200  
DURHAM, NC 27701

Project:

THE  
REVITALIZATION  
OF SOUTHSIDE



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HOME BUILDER  
COORDINATION

No.	Date	Description

HOME PLAN  
LOT ASSIGNMENT  
EXHIBIT

Project number: 11104 Sheet:  
Date: 12/07/2013  
Drawn by: MPT  
Approved by: MPT / MO



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# Southside West Phase I Update

- **Site Preparation and Infrastructure Improvements**
  - Complete for Phase I to include:
  - Site preparation/building pads for 48 lots
  - New water and sewer services for 48 lots
  - Demolition/Construction of new Hillside Avenue
  - One inch mill/overlay for other streets in project area
  - Entrance/Gateway at South Street and Hillside Avenue
  - New sidewalk installation
- **New Construction**
  - 33 lot reservations to include:
  - 11 real estate closings (occupied)
  - 12 units currently under construction
  - 8 lot reservations (prequalified with lender))
  - 2 spec houses (projected start date 30-45 days)
- **Piedmont Rentals – Durham Community Land Trustees**
  - Renovation underway on nine units on Piedmont Ave. (ARoby GC)





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# Southside West Update

- Marketed as The Bungalows at Southside
  - Efforts underway to market remaining lots by builders and City Staff to include:
    - <http://bwallacebuilt.com/communities/southside/>
    - <http://robysouthsidehomes.com/>
    - Brochures
    - Community Outreach/Informational Sessions
    - NCHFA and City Incentives
    - Duke University



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# Southside West Phase II

- **Design and Engineering Services Agenda Item**
  - Recommendation of Stewart, Inc.
  - Focus on Beamon Piedmont Assemblage
  - Approval for payment of development fees
- **Project Summary and Estimated Timeline**
  - January 2015 – February 2015
    - Geotechnical, topographic, boundary and tree survey, conceptual, community presentation
  - February 2015 – December 2015
    - Site Plan approval process, the closing of Beamon Street and final plat process
  - July 2015 – January 2016
    - Infrastructure bid package, erosion control plan and permitting, creation of site prep and infrastructure bid documents, construction document approval process, bid process and contract award
  - January 2016 – July 2016
    - Site preparation and infrastructure improvements for the approved site and project close-out





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# Upcoming Agenda Items

- **The Lofts at Southside**

- Option Contract for Phase II site
- Conditional Commitment of Financing for Phase II vertical construction (April 2015)
- Phase II site preparation and infrastructure contract (Late Summer 2015)

- **The Bungalows at Southside**

- Design and Engineering Services
- Contract Amendment for additional Phase I Services with Architect and Engineer
- Phase II site preparation and infrastructure contract (early 2016)



# Southside Private Investment



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# The Lofts at Southside



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# The Bungalows at Southside



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